



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles
CHIEF EXECUTIVE OFFICE

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"To Enrich Lives Through Effective And Caring Service"

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July 09, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**AMENDMENT NO. 6 TO LEASE NO. 51870
DEPARTMENT OF PUBLIC HEALTH
511-515 EAST 6TH STREET, LOS ANGELES
(SECOND DISTRICT)
(3 VOTES)**

SUBJECT

This recommendation is to approve a five-year lease amendment for 10,408 rentable square feet of alcohol and drug treatment space for 48 beds and parking spaces for 40 vehicles for the Department of Public Health.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease amendment is categorically exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, per Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and instruct the Chairman to sign an amendment for a five-year extension of the lease with Weingart Center Association (Lessor) for the Department of Public Health to continue occupancy of 10,408 square feet of alcohol and drug treatment space providing 48 beds and 40 parking spaces located at 511-515 East 6th Street, Los Angeles, at an initial annual rental cost of \$294,756. The rental costs for the Department of Public Health are 100 percent funded by State and Federal funds.
3. Authorize the Chief Executive Officer and the Director of Public Health to implement the project upon Board approval. The lease extension will commence July 15, 2013.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the proposed Amendment No. 6 to Lease No. 51870 will allow the Department of Public Health (DPH), through its contract with the Volunteers of America (VOA) to continue to provide alcohol and drug treatment services. This program has been housed at this location since 1987. The DPH alcohol and drug treatment program has a contract with VOA through June 2013, which DPH indicates will be renewed.

The County originally occupied 22,264 rentable square feet of office, clinic, and treatment space, but reduced the leased area to 10,408 rentable square feet of treatment space on the ninth floor of the building, when the new Community Health Downtown Los Angeles Clinic to service the Skid Row area was opened in May 2009. The Board's approval will enable DPH to continue to implement the programs at this location.

The facility currently houses approximately 48 residents, offering a 24-hour halfway house, nursing care, and counseling services provided under a contract with VOA. The employees assigned to this location are comprised of 2 case managers, 5 recovery specialists, an administrator, clerical support, and one part-time employee. Parking is provided in the parking lot adjacent to the facility.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness (Goal 1) directs that we maximize the effectiveness of process, structure, and operations to support timely delivery of customer-oriented and efficient public services. In this case, the County is supporting this Goal by providing a treatment center in or near the community it serves to increase effectiveness, enhance customer service, and provide responsive services to the public. The lease amendment is in conformance with the Asset Management Principles as outlined in Attachment A.

FISCAL IMPACT/FINANCING

The proposed lease amendment will provide the County uninterrupted use of 10,408 square feet of treatment space and 40 parking spaces at a monthly base rent of \$24,563 per month, or \$294,756 annually. The base rental rate remains the same as the prior year base monthly rent representing a savings of approximately \$6,000 for the initial year of the term, because no rental adjustment will occur. Attachment B is an overview of the changes in the lease.

This is a full-service gross lease whereby the Lessor is responsible for all operating costs associated with the County's occupancy. The rent is subject to Consumer Price Index (CPI) increases with a minimum increase of 2 percent and capped at 4 percent annually. Parking is included in the rental rate and is provided in the on-site secured parking lot across the street. Sufficient funding for the proposed lease costs is included in the proposed Fiscal Year (FY) 2013-14 Rent Expense budget and will be billed back to DPH. DPH has sufficient funding in its FY 2013-14 operating budget to cover the projected lease costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed lease amendment will provide uninterrupted use of 10,408 square feet of treatment space and 40 parking spaces. The proposed lease amendment contains the following provisions:

- Commencement of new rent and five-year term effective July 15, 2013, upon approval by the Board.
- A full-service gross lease with the Lessor responsible for all operational and maintenance costs.
- A cancellation provision allowing the County to cancel any time with 90 days prior written notice.
- Annual rental rate adjustments subject to CPI with a minimum increase of 2 percent and capped at 4 percent.

The Chief Executive Office (CEO) Real Estate staff conducted a survey within the search area to determine the availability of comparable and more economical sites. Staff was not able to identify any sites in the surveyed area that could accommodate this requirement more economically, nor are there any County-owned or leased facilities available for this program. Attachment C shows County-owned or leased facilities in the proximity of the service area and indicates there are no suitable County-owned or leased facilities available for the program. The Department of Public Works has inspected this facility and found it suitable for the County's occupancy. Notification letters have been sent pursuant to Government Code Sections 25351 and 65402.

ENVIRONMENTAL DOCUMENTATION

The CEO has concluded that this project is exempt from the California Environmental Quality Act (CEQA) as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease amendment will adequately provide the necessary beds and recovery space for this County requirement. DPH concurs with the proposed recommendation.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return three originals of the executed lease amendment, two certified copies of the Minute Order and the adopted, stamped Board letter to the CEO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

The Honorable Board of Supervisors

7/9/2013

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Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. T. Fujioka', with a long horizontal line extending to the right.

WILLIAM T FUJIOKA

Chief Executive Officer

WTF:RLR:CMM

CEM:TS:ns

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Public Health

Attachment A

DEPARTMENT OF PUBLIC HEALTH SERVICES
511-515 EAST 6th STREET, LOS ANGELES
Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>		Yes	No	N/A
A	Does lease consolidate administrative functions? ²				X
B	Does lease co-locate with other functions to better serve clients? ²				
C	Does this lease centralize business support functions? ²				X
D	Does this lease meet the guideline of 200 sq. ft of space per person? ² The alcohol and drug program houses up to 48 residents receiving recovery services, requiring space above the traditional office space guidelines			X	
2.	<u>Capital</u>				
A	Is it a substantial net County cost (NCC) program?		X		
B	Is this a long term County program?				X
C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?			X	
D	If no, are there any suitable County-owned facilities available?			X	
E	If yes, why is lease being recommended over occupancy in County-owned space?				X
F	Is Building Description Report attached as Attachment C?		X		
G	Was build-to-suit or capital project considered? The proposed building is offered at a competitive market rate and the County already contracts to occupy the facility.			X	
3.	<u>Portfolio Management</u>				
A	Did department utilize CEO Space Request Evaluation (SRE)?		X		
B	Was the space need justified?		X		
C	If a renewal lease, was co-location with other County departments considered?			X	
D	Why was this program not co-located?				X
	1. ____ The program clientele requires a "stand alone" facility.				
	2. <u>X</u> No suitable County occupied properties in project area.				
	3. ____ No County-owned facilities available for the project.				
	4. ____ Could not get City clearance or approval.				
	5. ____ The Program is being co-located.				
E	Is lease a full service lease? ²		X		
F	Has growth projection been considered in space request?				X
G	Has the Dept. of Public Works completed seismic review/approval?		X		
¹ As approved by the Board of Supervisors 11/17/98					
² If not, why not?					

**FISCAL IMPACT/FINANCING
OVERVIEW OF LEASE CHANGES**

511-515 EAST 6th STREET	Existing Lease	Proposed Lease Amendment No. 6	Change
Area (square feet)	10,408	10,408	None
Term	(07/15/08-07/14/2013) currently month-to-month	Five years upon Board adoption effective 7/15/2013	+ 5 years
Annual Rent	\$294,754	\$294,756	None
Cancellation	The County may cancel anytime with 90 days- notice	The County may cancel anytime with 90 days- notice	None
Parking (included)	40 spaces	40 spaces	None
Option to Renew	None	None	None
Rental Adjustment	Automatic 3 percent increases per year	CPI with a minimum increase of 2 percent to a maximum of 4 percent.	CPI with a minimum increase of 2 percent to a maximum of 4 percent.

Attachment C**DEPARTMENT OF PUBLIC HEALTH
SPACE SEARCH ONE MILE RADIUS OF SKID ROW AREA OF LOS ANGELES**

LACO	FACILITY NAME	ADDRESS	SQ.FT. GROSS	SQ. FT. NET	Ownership	Vacant SQ. FT.
0155	Stanley Mosk Courthouse	111 N. Hill St., Los Angeles 90012	794,459	441,761	Owned	None
0181	Kenneth Hahn Hall of Administration	500 W. Temple St., Los Angeles 90012	958,090	591,457	Financed	None
A496	Public Defender – L.A. Law Center Building	207 S. Broadway, Los Angeles 90012	7,100	6,750	Leased	None
A429	CEO-Real Estate Division / Service Integration	222 S. Hill St., Los Angeles 90012 (KAWADA Bldg.)	1,100	1,078	Leased	None
A442	Mental Health - LAPD-SMART Team Office	419 S. Spring St., Los Angeles 90013	1,000	1,000	Gratis Use	None
A529	Mental Health – Downtown Mental Health Services	529 S. Maple Ave., Los Angeles 90013	19,000	16,150	Leased	None
3154	Clara Shortridge Foltz Criminal Justice Center	210 W. Temple St., Los Angeles 90012	1,036,283	399,535	Financed	None
0101	Hall of Justice (Not Habitable)	211 W. Temple St., Los Angeles 90012	570,811	306,487	Owned	306,487
0156	Hall of Records	320 W. Temple St., Los Angeles 90012	438,095	259,523	Owned	None
Y013	DPSS-Civic Center District / GROW Center Office	813 E. 4 th Pl., Los Angeles 90013	39,956	25,158	Owned	None
A384	AG.COMM/WTs & MEASURES Downtown Market Office	1320 Olympic Blvd., Los Angeles 90021	776	776	Leased	None

**AMENDMENT NO. 6 TO LEASE NO. 51870
511-515 EAST 6TH STREET, LOS ANGELES
DEPARTMENT OF HEALTH SERVICES**

This Amendment No. 6 to Lease No. 51870 is made and entered into this _____ day of _____, 2013, by and between WEINGART CENTER ASSOCIATION, Inc, hereinafter referred to as "Lessor", and the COUNTY OF LOS ANGELES, a body politic and corporate, hereinafter referred to as "Lessee."

WHEREAS, the COUNTY OF LOS ANGELES, as Lessee, has entered into that certain Amendments and Novations to Lease and Agreement Nos. 40670, 50097 and 51870 dated October 6, 1987, and Amendment No. 2 dated November 24, 1992, and Amendment No.3 dated March 14, 1985, and Amendment No. 4 dated November 4, 1997, and Amendment No. 5 dated June 17, 2003, hereinafter referred to as "Lease", for approximately 27,386 rentable square feet of Office/Clinic space in a building located in a portion of the building at 511-515 East 6th Street, Los Angeles, and,

WHEREAS, the parties agreed to a reduction of space Premises which now consists of approximately 10,408 rentable square feet of Clinic space located on the 9th floor in a building located at 511-515 East 6th Street, Los Angeles, and,

WHEREAS, the parties are now desirous to amend said Lease No. 51870 to increase the term of the lease beyond the Termination Date for an additional term of five (5) years, commencing upon approval by the Board of Supervisors, County of Los Angeles.

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and the rents, covenants and agreements herein contained, and intended to be legally bound, Lessor and Lessee hereby covenant and agree as follows:

1. Paragraph 2 TERM, of the Lease shall be amended by adding the following:

The term of the Lease is hereby extended five (5) years such that it shall expire July 14, 2018.

Paragraph 2B OPTION TO RENEW, of the Lease is hereby amended by adding the following:

Provided Lessee is not in default, Lessee shall have the option to renew this Lease for one additional five (5) year term beyond July 14, 2018. During such option term, Lessee shall continue to pay the Monthly Base Rent as due

hereunder, which Monthly Base Rent shall continue to be adjusted in accordance with the terms of Paragraph 24 of the Lease. In the event that Lessee desires to exercise any such option, Lessee shall deliver Lessor written notice of such exercise not less than 120 days prior to the Lease Expiration Date. The actual exercise of the option shall be only by the Board of Supervisors prior to the expiration of the lease term.

2. Paragraph 3. RENT, of the Lease is hereby deleted and in its place the following is inserted:

Commencing upon the New Term Commencement Date, the rent payable with respect to the Premises shall be amended to be equal to Twenty-Four Thousand Five Hundred Sixty-Two and 88/100 (\$24,562.88) per month, (i.e.; \$2.36 per square foot for the 10,408 square feet which make up the Premises). All rent payable under the Lease, as amended, is payable in advance by Auditor's General Warrant within fifteen days after the first day of each and every month of the term hereof provided Lessor has caused a claim thereof for each such month to be filed with the Auditor of the County of Los Angeles prior to the first day of each month.

3. Paragraph 24. Rental Adjustments, of the Lease is hereby deleted and in its place the following is inserted:

The first full calendar month's rent shall be due and payable within 30 days of the Commencement Date in the total amount shown in Section 1(i) hereof. A monthly installment in the same amount, subject to the adjustments described herein below, shall be due and payable without demand on or before the first day of each calendar month succeeding the Commencement Date during the Term, except that Rent for any fractional calendar month at the commencement or end of the Term shall be prorated on a daily basis, provided that Landlord shall file a payment voucher with the Auditor of the County of Los Angeles (the "County") for the monthly Rent prior to the Commencement Date for the initial month(s) of the Term up to and including June, and annually thereafter in June for the ensuing 12 months.

(a) CPI. From and after the first anniversary of the Commencement Date, on the first day of the first full calendar month thereafter (the "Adjustment Date") and on every anniversary of the Adjustment Date thereafter, Basic Rent shall be adjusted by applying the CPI Formula set forth below. The "Basic Index" shall be the Index published for the month the Lease commences.

(b) CPI Formula. The Index means the Consumer Price Index for all Urban Consumers for the Los Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor

Statistics (1982-84=100). The "CPI Formula" means Basic Rent multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month the adjustment is to be effective, and the denominator being the Basic Index. If the Index is changed so that the Index differs from that used as of the Commencement Date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term of this Lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same results as would be obtained if the Index had not been discontinued or revised.

(c) Illustration of Formula. The formula for determining the new rent shall be as follows:

$$\begin{aligned} & \frac{\text{New Index}}{\text{Base Index}} \times \$24,562.88 (\text{Monthly Basic Rent}) \\ & \pm \text{Amount needed to amortize Tenant's Additional Tenant} \\ & \quad \text{Improvements, if any} \\ & \pm \text{Amount needed to amortize change order costs, if any} \\ & = \text{Monthly Basic Rent} \end{aligned}$$

(d) Limitations on CPI Adjustment. In no event shall the monthly Basic Rent adjustment based upon the CPI Formula result in an annual increase greater than four percent (4%) per year nor less than two percent (2%) per year of the Basic Rent. (In no event shall the monthly rent be adjusted by the CPI Formula to result in a lower monthly Basic Rent than was payable during the previous year of the Lease).

All other terms and conditions of the Lease and Agreement shall remain in full force and effect.

IN WITNESS WHEREOF this Lease has been executed the day
and year first above set forth.

LANDLORD:

Weingart Center Association

By: 

Name: Kevin Murray

Its: President/CEO

TENANT:

COUNTY OF LOS ANGELES
a body politic and corporate

By: _____

Mark Ridley Thomas
Chairman, Board of Supervisors

ATTEST:

Sachi A. Hamai
Executive Officer-Clerk
of the Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

County Counsel
John F. Krattli

By: 

DEPUTY